

# The Indian Middle Class, Household Debt and Consumption

July 2023

Shiv, Aditi, Ritik



- **60 % of India's GDP is private consumption**  
**The Middle Class is crucial in this number**



**Data**



**Interrogate**



**Insight**

# India latest Data

Million Households	2005	2020	2031 Est
Rich	2	11	35
Middle Class	30	91	165
Aspirer	121	161	136
Poor	66	45	20

**India will have 200 million middle class plus rich households in 2031**  
**India will add 74 Million middle class HHs between 2020 and 2031**  
**India will have 750 mln people in the middle class by 2031**

# The Rich > 30 lacs per annum



# Top 10 Rich States and Cities

States	Million HHS
Maharashtra	2.6
Tamilnadu	0.9
UP	0.8
Gujarat	0.79
Delhi	0.7
Karnataka	0.66
West Bengal	0.61
Ounjab	0.57
Haryana	0.45
Andhra Pradesh	0.34

Cities	Million HHs
Mumbai	0.9
Delhi	0.7
Pune	0.3
Kolkata	0.28
Chennai	0.25
Bengaluru	0.19
Ahmedabad	0.17
Surat	0.14
Nagpur	0.13
Nasik	0.09

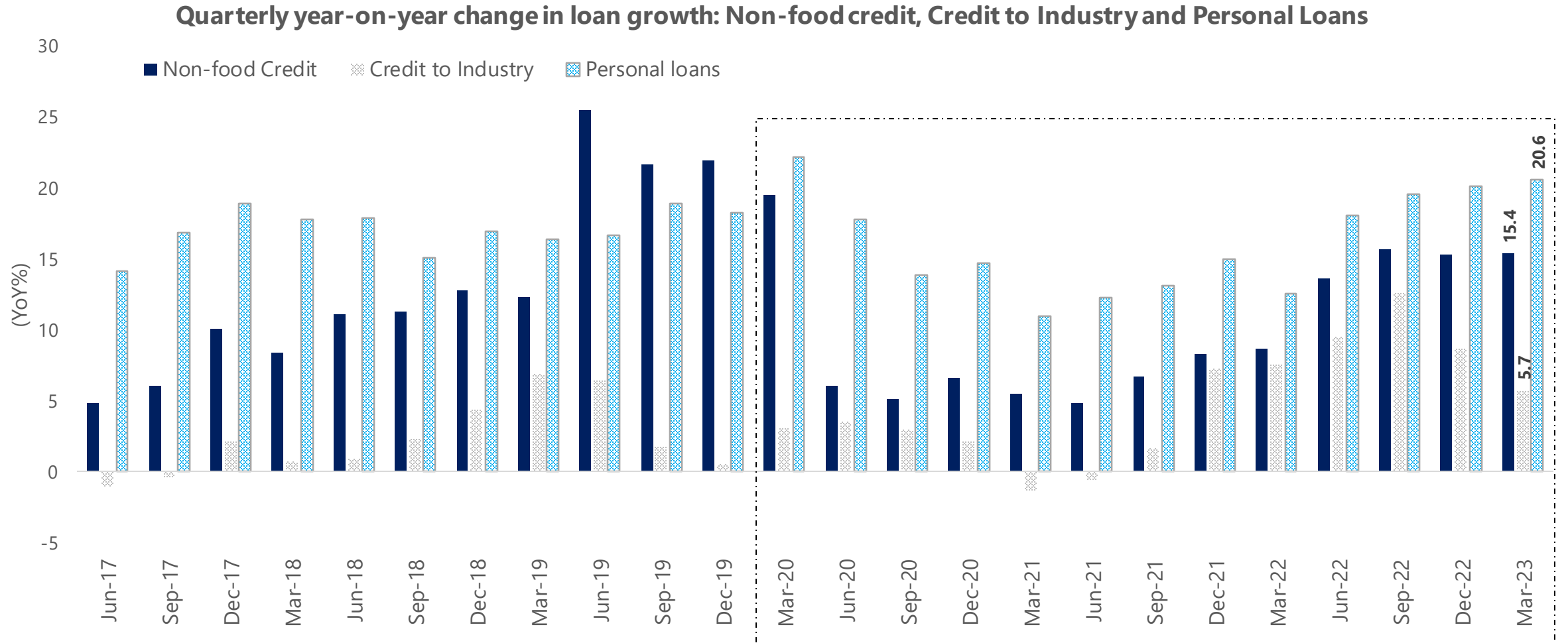
Income – Expenditure = Savings

Income - Expenditure + Loan = Savings

Income – Expenditure – Loans availed  
= **Aspiration** + Savings



# Personal Loan >>>>>> non-food credit and industry



- Post-pandemic, growth in personal loans has been driven significantly by advances against FDs
  - Advances against FDs have grown by nearly 35-40% each month on a year-on-year basis since July 2022

# Household Debt: India vs Rest of the World

Household debt, loans and debt securities (% of GDP)

	Country	2003	2009	2015	2021
Advanced Economies	Australia	90.7	112.1	121.1	119.3
	Canada	66.8	94.9	100.7	107.5
	United Kingdom	79.1	97.2	85.7	86.1
	United States	85.4	97.1	77.9	78.0
	Japan	66.5	63.5	59.5	68.8
	France	37.1	52.6	56.1	66.6
	Spain	56.6	85.0	68.0	58.4
	Singapore	54.5	51.1	64.7	58.3
	Germany	70.3	62.1	53.6	56.7
Emerging Economies	South Korea	62.8	73.1	83.1	105.8
	Thailand	42.2	57.9	81.2	90.0
	Malaysia		57.8	69.7	73.1
	China		23.5	39.1	62.1
	India	4.5	35.3	32.8	34.6
	Brazil	10.1	21.0	28.0	33.8
	Indonesia	8.9	12.1	16.8	17.3
	Mexico	9.3	13.5	15.2	16.2
	Bangladesh			6.9	6.8



## Segment-wise Loan Breakup

Particulars	HDFC Bank	ICICI Bank	SBI	Kotak Mahindra	Axis Bank	Bank of Baroda
Retail Assets	39%	55%	36%	52%	49%	18%
Agri Loans	5%	9%	8%	9%	8%	13%
Corporate Loans	22%	29%	30%	22%	31%	35%
SME Loans		5%	11%	8%	11%	11%
International	*	3%	15%	*	*	18%
Others	34% (Commercial & rural)	0%	0%	9%	*	5%

**Source:** Company Reports, Analyst Reports

\* - Data not available

## Retail Assets : Product-wise Breakup

Particulars	HDFC Bank	ICICI Bank	SBI	Kotak Mahindra	Axis Bank	Bank of Baroda
Home Loan & Mortgage	28%	62%	54%	62%	50%	55%
Personal Loan	27%	23%		9%	21%	
Auto Loan	20%	14%	8%	25%	13%	18%
Others	25%	1%	37%	4%	17%	27%
	<b>Other Loans</b> Payment Products – 14% Gold loan – 2%					

What successful banks do

Get CASA

Focus on hero products

Sell a Range

Keep things simple for the consumer

Consumer Centricity and Experience



**OPPORTUNITY**



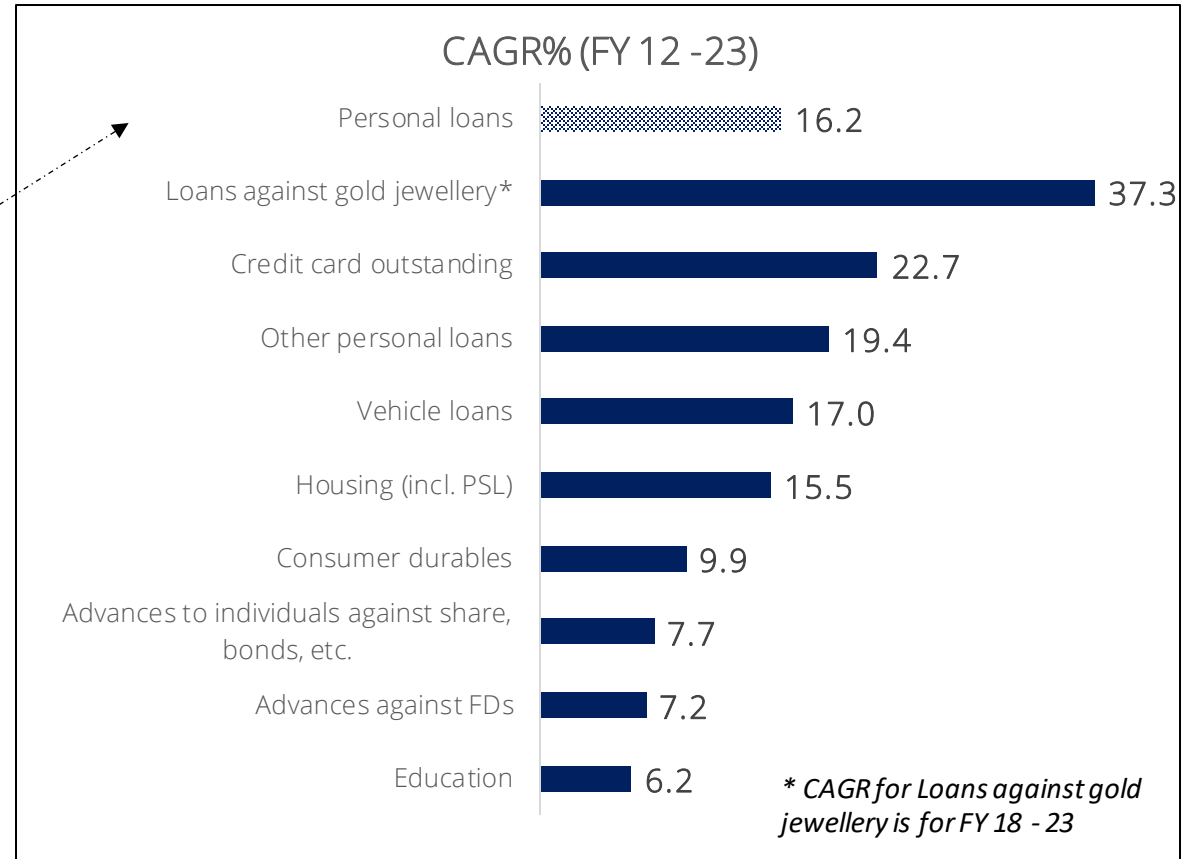
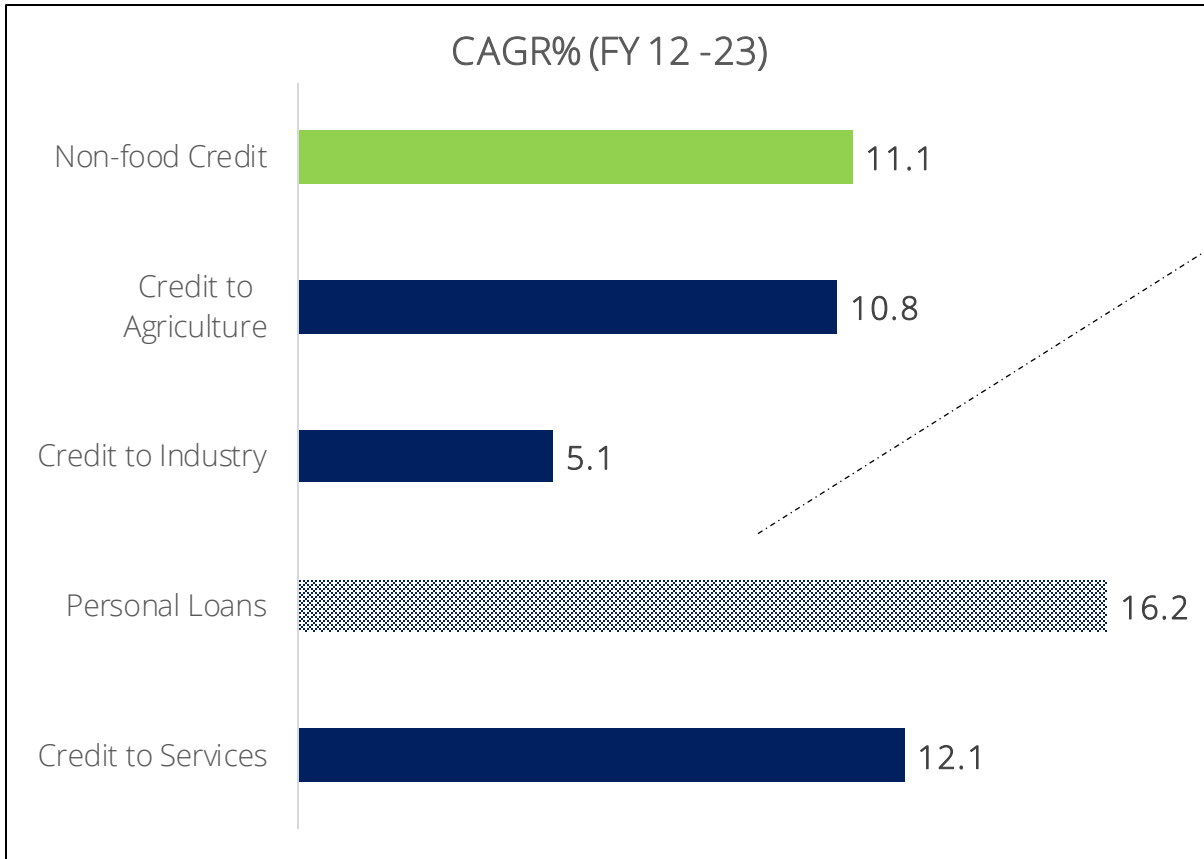
**OPPORTUNITY**





They understood it first

# Personal Loans\* growth at a Glance: Longer-term trends



- Growth in Personal Loans disbursed by the Scheduled Commercial Banks (SCBs) in India has outpaced the growth in total non-food credit and credit to Industry over the last 10 years.

Source: RBI

\*Personal Loans disbursal by the Scheduled Commercial Banks (SCBs). Not inclusive of personal loan disbursal by NBFCs.

## Composition of Personal Loans: FY 12, FY 17 and FY 23

(% share in total personal loans disbursed during the year)	2011-12	2016-17	2022-23
Housing (incl. PSL)	50.7	53.1	47.4
Vehicle loans	11.4	10.5	12.2
Credit card outstanding	2.6	3.2	4.8
Advances against FD	7.3	4.1	3.0
Education	6.4	4.3	2.4
Loans against gold jewelry	0.0	0.0	2.2
Consumer durables	0.9	1.3	0.5
Advances to individuals against share, bonds, etc.	0.4	0.3	0.2
Other personal loans	20.3	23.2	27.4
Total Personal Loans	100.0	100.0	100.0

Source: RBI

\*Personal Loans disbursal by the Scheduled Commercial Banks (SCBs). Not inclusive of personal loan disbursal by NBFCs.

# Reasons for not taking a loan

- 1. Stressful feeling to take a loan**
- 2. Savings is a better habit than borrowing**
- 3. Not being able to repay**
- 4. Documentation and hassle**
- 5. Lack of awareness of type of loans in market.**



# India Durables Data

Ownership %	Poor	Aspirers	Middle Class	Rich
Refrigerator	21 %	39 %	71%	97 %
Car	1 %	5 %	30 %	100 %
Air Conditioners	2 %	2 %	7 %	23 %
Computer	2 %	4 %	13 %	37 %

# Lifestyle Loans



## Top 3

- Mumbai 49 %
- Jaipur 47 %
- Chandigarh 41 %

## Bottom 4

- Ahmedabad 19 %
- Indore 19 %
- Kolkata 20 %
- Bangalore 20 %

# Easy Gold loan



## Top 5

- Tamilnadu 41%
- Karnataka 17.2 %
- Manipur 14.2 %
- AP 9.5 %
- Goa 3.5 %

## Bottom 5

- Sikkim 0
- HP 0
- Mizoram 0
- Haryana 0
- J and K 0

# Mortgage

## Top 5 States

- Maharashtra 47 %
- Mizoram 41 %
- Kerala 38.3 %
- Gujarat 38 %
- HP 35 %

## Bottom 5 States

- Meghalaya 2.3 %
- Manipur 3.1 %
- Tripura 3.8 %
- Nagaland 8 %
- Bihar 8.2 %

# Unsecured loans

## Top 5 States

- Bihar 82 %
- Jharkhand 79.7 %
- Meghalaya 74 %
- Telangana 73 %
- Tripura 72.7 %

## Bottom 5 States

- Goa 19 %
- Manipur 30 %
- Nagaland 31 %
- Kerala 31 %
- J and K 33.3 %

## Credit growth across districts: Top-50 districts\*

District	State	Total Credit (₹ bn): FY 15	Total Credit (₹ bn): FY 22	CAGR (FY 15-22)
Morbi	Gujarat	28.6	190.7	31.1
Krishna	Andhra Pradesh	260.4	1249.0	25.1
Jabalpur	Madhya Pradesh	67.2	233.4	19.5
Kamrup Metropolitan	Assam	94.6	302.4	18.1
Kolhapur	Maharashtra	128.5	382.6	16.9
Tiruppur	Tamil Nadu	131.2	383.4	16.6
Patna	Bihar	228.7	640.2	15.8
Anantapur	Andhra Pradesh	110.2	304.8	15.6
Gurgaon	Haryana	536.3	1458.3	15.4
Ranchi	Jharkhand	105.8	275.9	14.7
Kurnool	Andhra Pradesh	104.8	272.3	14.6
Krishnagiri	Tamil Nadu	70.0	181.4	14.6
Thiruvallur	Tamil Nadu	119.7	309.8	14.6
Visakhapatnam	Andhra Pradesh	293.5	754.2	14.4
Varanasi	Uttar Pradesh	99.2	253.9	14.4
Bhopal	Madhya Pradesh	314.9	802.1	14.3
Jammu	Jammu & Kashmir	73.2	179.9	13.7
Thane	Maharashtra	536.3	1309.9	13.6
Raigarh	Maharashtra	102.2	249.5	13.6
Chittoor	Andhra Pradesh	149.3	362.5	13.5
Kota	Rajasthan	72.8	176.4	13.5
Jodhpur	Rajasthan	129.2	310.6	13.3
Ajmer	Rajasthan	80.9	193.4	13.3
Dehradun	Uttarakhand	99.5	236.6	13.2
Udaipur	Rajasthan	84.4	200.0	13.1

District	State	Total Credit (₹ bn): FY 15	Total Credit (₹ bn): FY 22	CAGR (FY 15-22)
Alwar	Rajasthan	88.4	209.3	13.1
Guntur	Andhra Pradesh	267.7	619.8	12.7
East Godavari	Andhra Pradesh	214.4	486.6	12.4
Nashik	Maharashtra	189.1	421.9	12.1
West Godavari	Andhra Pradesh	180.3	402.1	12.1
Y.S.R.	Andhra Pradesh	98.7	218.9	12.1
Prakasam	Andhra Pradesh	138.2	304.1	11.9
Panipat	Haryana	89.0	194.7	11.8
Kachchh	Gujarat	91.7	199.5	11.7
Thanjavur	Tamil Nadu	99.6	213.4	11.5
Surat	Gujarat	472.6	1010.0	11.5
Kannur	Kerala	93.6	199.9	11.5
Madurai	Tamil Nadu	180.2	382.5	11.4
Aurangabad	Maharashtra	133.1	280.6	11.2
Thiruvananthapuram	Kerala	330.9	696.8	11.2
Medchal-Malkajgiri	Telangana	315.6	663.3	11.2
Salem	Tamil Nadu	160.7	337.3	11.2
Kanniyakumari	Tamil Nadu	104.1	216.1	11.0
Ernakulam	Kerala	575.0	1187.4	10.9
Mysore	Karnataka	148.2	303.9	10.8
Kozhikode	Kerala	137.8	282.3	10.8
Palakkad	Kerala	101.8	208.2	10.8
Ahmadabad	Gujarat	1580.1	3191.4	10.6
Pune	Maharashtra	1379.2	2777.1	10.5

**Source:** RBI

\*Compounded Annual Growth Rates estimated for the districts accounting for the highest credit disbursal in FY 22

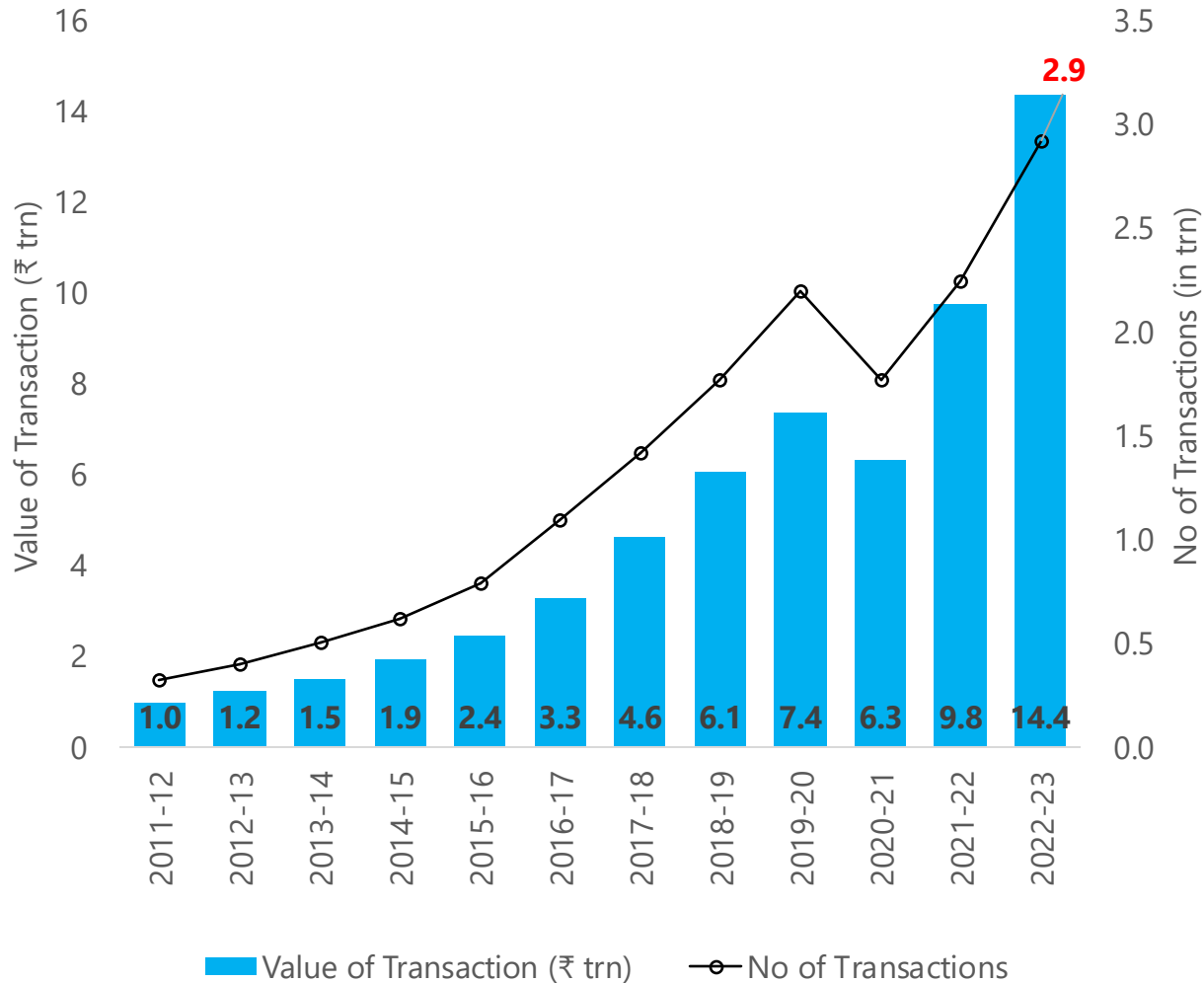
\*\* CAGR in total credit disbursal by SCBs in India during FY 15-22 stands at 8.6%

# The Digital Variable

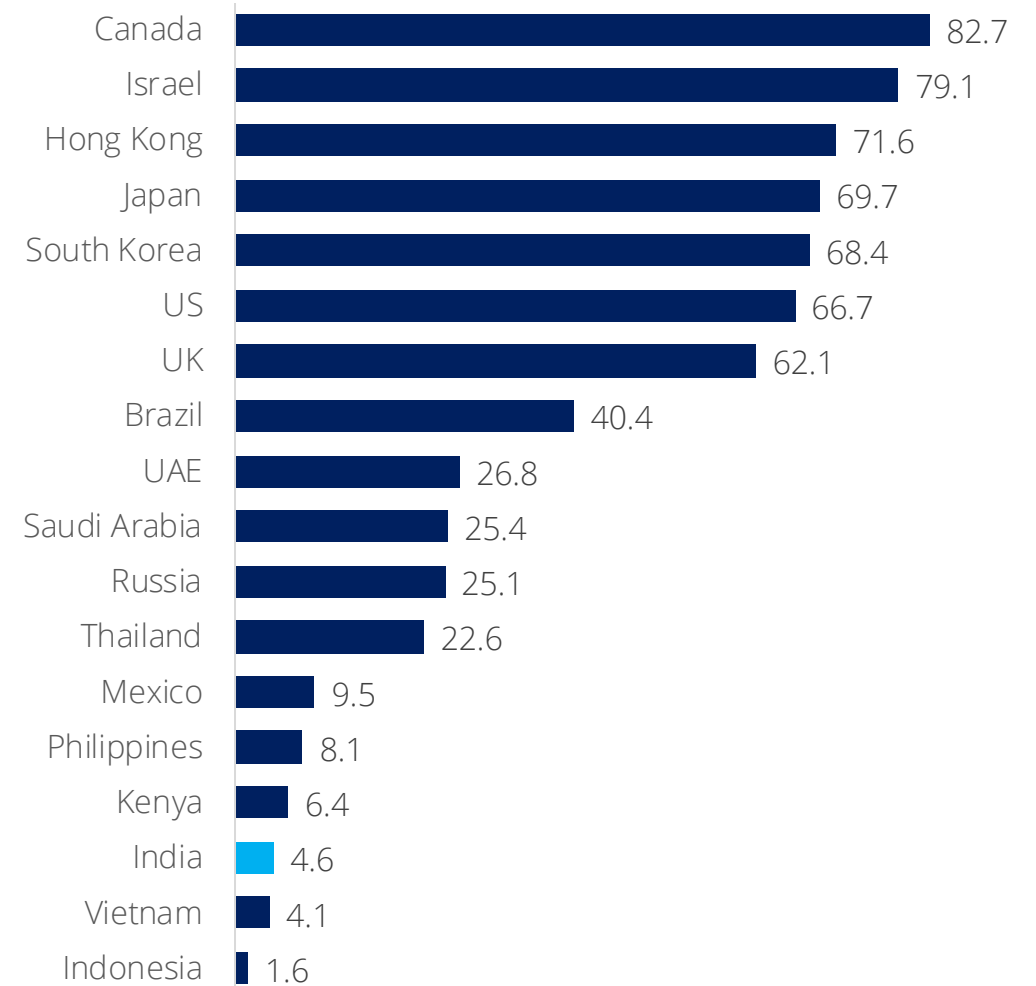
Variable	Millions
Internet Users	750
Social Media	575
Video	525
Service purchasers	375
Product Purchasers	250

# Despite a sharp increase in credit card usage, the rate of credit card penetration in India remains low

### Credit Card transactions in India: Value and Volume



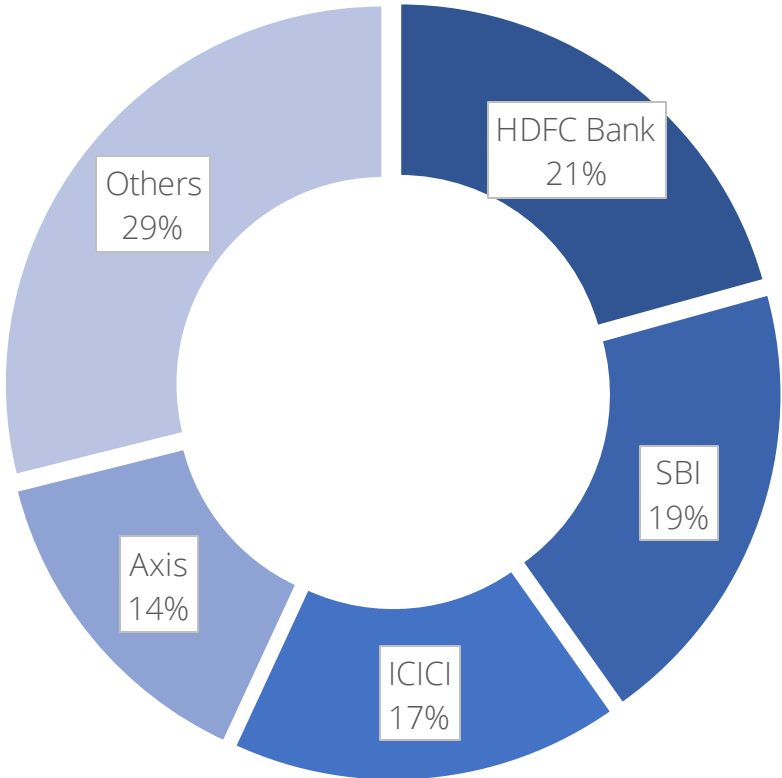
### Owens a credit card (% age 15+)



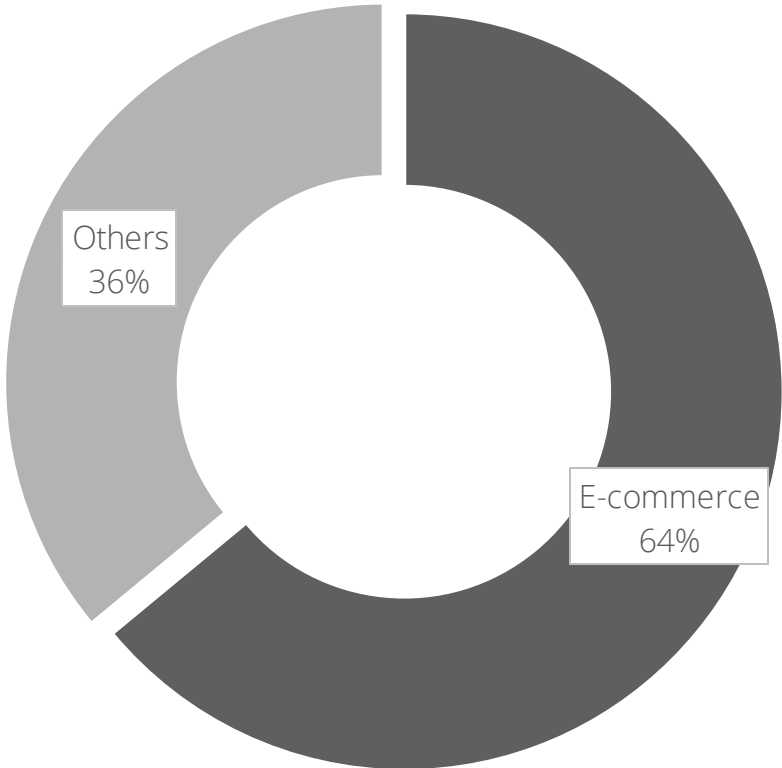


# Top 5 players continue to hold ~71% Market Share in terms of credit cards in force

Credit Cards: Market Share



Credit Card spends pie: Dominated by E-commerce



Source: Company Annual Reports; Analysts Reports